Stories from Wall Street Green Trading Summit on *Environmental Finance* web news

Big potential seen for CO2 oil recovery in US

New York, 20 April: Environmental, economic and national security concerns are seen working together to create a big US market for using carbon dioxide (CO_2) to increase oil production.

Some oil producers already use CO_2 from industrial or natural sources because so-called enhanced oil recovery (EOR) can increase oilfield output by up to 60% and extend well life by 20 years, said George Lyons, managing partner in the Houston office of Norwegian consulting and development firm CO_2 Global LLC. The US Department of Energy recently determined that the practice could increase production by 89 billion barrels, he noted.

Speaking at the Wall Street Green Trading Conference in New York in early April, Lyons said "The political climate is becoming favourable," due to concern over oil imports from the Middle East. At the same time, high oil prices make the practice more viable. Producers pay about $30 per ton for spot CO_2 and will pay up to $43.50/ton when oil sells for $50 per barrel, he said.

"Oil at $60 a barrel is a very large motivation," he told the conference, since CO_2 capture can be accomplished for about $20/ton plus the costs of infrastructure, such as pipelines.

Regulations on CO_2 would provide a further boost, Lyons said. BP and Edison International are planning a project in California that will gasify petroleum coke, extract the CO_2 and sell it to oil producers, he noted. And the US government is providing incentives for coal gasification projects.

With standard power plants, the most common capture technology is amine absorption, which uses much of the plant's electricity, he said.